

THE UNITED STATES DISTRICT COURT

DISTRICT OF MASSACHUSETTS (Boston)

No. 1:23-cv-10511-WGY  
Vol 1, Pages 1 - 84

UNITED STATES OF AMERICA, et al,  
Plaintiffs

vs.

JETBLUE AIRWAYS CORPORATION, et al,  
Defendants

\*\*\*\*\*

For Bench Trial Before:  
Judge William G. Young

United States District Court  
District of Massachusetts (Boston)  
One Courthouse Way  
Boston, Massachusetts 02210  
Thursday, November 9, 2023

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For Defendant Spirit Airlines, Inc.

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I N D E X

WITNESS                      DIRECT    CROSS    REDIRECT    RECROSS

ERIC FRIEDMAN

By Mr. Moore:                      5

By Mr. Mitchell:

E X H I B I T S

EXHIBIT 692 ..... 50

1 P R O C E E D I N G S

2 (Begins, 9:00 a.m.)

3 THE COURT: And we may swear this witness.

4 (ERIC FRIEDMAN, sworn.)

5

6 \*\*\*\*\*

7 ERIC FRIEDMAN

8 \*\*\*\*\*

9

10 DIRECT EXAMINATION BY MR. MOORE:

11 Q. Good morning, Mr. Friedman.

12 A. Good morning.

13 Q. Would you please state your full name for the  
14 record.

15 A. Eric Friedman.

16 Q. You've been given a binder of exhibits that we'll be  
17 referring to today. I'll let you know when you need to  
18 look in that binder.

19 A. Sure.

20 Q. Mr. Friedman, you currently work for JetBlue,  
21 correct?

22 A. Yes, that's correct.

23 Q. Your title is "Director of Route Planning," is that  
24 right?

25 A. Yes.

1 Q. And that means that you lead the Route Planning  
2 Group, correct?

3 A. Yes, I lead the Route Planning Group with my Vice-  
4 President of Network Planning.

5 Q. So you report to the Vice-President of Network  
6 Planning, correct?

7 A. Yes, that's correct.

8 Q. And that's because the Route Planning Group is part  
9 of the network planning organization, is that right?

10 A. Yes.

11 Q. And Mr. Jayne, he's the Vice-President of Network  
12 Planning, correct?

13 A. Yes, Dave Jayne is the Vice-President of Network  
14 Planning and Airline Partnerships.

15 Q. And Mr. Jayne, he in turn reports to Dave Clark, who  
16 is the Head of Revenue and Planning, correct?

17 A. Yes, that's correct.

18 Q. The Route Planning Group is responsible for figuring  
19 out which routes JetBlue flies on, is that right?

20 A. Yes.

21 Q. It's also responsible for figuring out how often  
22 JetBlue flies on those routes, correct?

23 A. We're responsible for many things, um, which routes  
24 we fly, how many frequencies, which aircraft we fly them  
25 on, what times of day.

1 Q. In making the decisions about where and how often to  
2 fly, JetBlue's goal was to maximize the profits from its  
3 network, correct?

4 A. Our goal is to create a well-oiled network that's  
5 very relevant to customers in our focus cities that  
6 drives profitability for JetBlue.

7 Q. Another one of your responsibilities is long-term  
8 planning for the JetBlue network, correct?

9 A. Yes.

10 Q. And that includes identifying where JetBlue would  
11 grow next, correct?

12 A. Yes, we've put together multiple plans over the  
13 years, different growth plans on where we would, um,  
14 where we would potentially grow.

15 Q. And when you identified those next-growth options,  
16 part of your job was to make profitability projections,  
17 correct?

18 A. Yes.

19 Q. And that requires projecting the revenue that  
20 JetBlue expects to earn if it starts service on a new  
21 route, correct?

22 A. Yes.

23 Q. And it also requires projecting the costs to serving  
24 that route, correct?

25 A. Yes.

1 Q. So now that we have some of your background covered,  
2 I want to turn to today's case, Mr. Friedman.

3 Before JetBlue and Spirit signed their merger  
4 agreement in 2022, you helped to evaluate the potential  
5 transaction, correct?

6 A. Yes.

7 Q. In particular you helped to calculate the  
8 increased revenues that JetBlue expects to earn from  
9 acquiring Spirit, correct?

10 A. Um, I helped to calculate the revenue synergies,  
11 yes.

12 Q. And "revenue synergies," those refer to increased  
13 revenues for JetBlue, correct?

14 A. Increased revenues relative to what Spirit would  
15 have created, yes.

16 Q. I want to walk through each category of those  
17 revenue synergies today and understand how you  
18 calculated them, and to help us do that I want to look  
19 at a document that you wrote that summarizes these  
20 revenue synergies.

21 So could you turn in your binder, sir, to Exhibit  
22 403.

23 A. (Turns.)

24 Q. This is a June 2022 e-mail from you to Dave Clark  
25 and other JetBlue employees with the subject line,



1 "Talking points RE revenue synergies," correct?

2 A. Yes.

3 Q. This e-mail predates the merger agreement between  
4 JetBlue and Spirit, correct?

5 A. Yes, I believe so.

6 Q. And as we discussed earlier, your organization, the  
7 Route Planning Group, ultimately reports to Mr. Clark,  
8 correct?

9 A. Yes.

10 Q. In this e-mail you are sending to Mr. Clark talking  
11 points that explain the revenue synergies that you had  
12 calculated, correct?

13 A. (Looks.) Um, yes, there appears to be a slide and  
14 an attachment, I believe a WORD document, that outlines  
15 the revenue synergies.

16 Q. Let's turn to that attachment now, which starts on  
17 the page ending with 599 at the bottom right-hand  
18 corner.

19 A. (Turns.)

20 Q. We're actually going to start with this chart before  
21 we're get to see your talking points.

22 So this chart that you see on this page is showing  
23 the changes in revenues and costs that JetBlue expected  
24 from the transaction, correct?

25 A. Um, yes, this is an overview of the combined entity

1 synergies. I just want to point out that I did not  
2 create this slide.

3 Q. But this side, you attached it when sending the  
4 talking points to your supervisor, Mr. Clark, correct?

5 A. Yes.

6 MR. MOORE: And I've been asked to publish this to  
7 the gallery. It looks like it's not published yet.  
8 Thank you.

9 (On screen.)

10 Q. Mr. Friedman, you and your team were responsible  
11 for helping to calculate the revenue increases that  
12 appear in the columns labeled "Network" and "Customer  
13 Service," correct?

14 A. Um, yes.

15 Q. The revenue increases that appear in the Customer  
16 Service column are called the "Customer Service  
17 Premium," correct?

18 A. I'm sorry, can you say that again?

19 Q. No problem.

20 The revenue increases that appear in the Customer  
21 Service Column are called the "Customer Service  
22 Premium," correct?

23 A. Um, yes.

24 Q. And then the other revenue increases that you and  
25 your team worked on appear in the Network Column,

1 correct?

2 A. Yes, I believe so.

3 Q. These categories of increased revenues are Network  
4 Optimization, Competitive O & D Network, and Increased  
5 Relevance, is that right?

6 A. Yes, those are the three that I listed.

7 Q. To be clear though, revenue numbers that we see on  
8 this page are not a calculation of consumer savings in  
9 the form of lower fares, right?

10 A. Um, these are revenue synergies.

11 Q. So they're not, for example, trying to quantify  
12 lower fares and how much consumers would pay for the  
13 transaction, right?

14 A. These figures refer to the revenue synergies of the  
15 transaction, they -- the transaction would lower fares  
16 for millions of customers. But these are not -- I don't  
17 believe these figures would quantify the savings that  
18 the transaction would generate.

19 Q. Right, these are additional revenues for JetBlue,  
20 correct?

21 A. Um, yes.

22 Q. Together these four revenue synergies that you were  
23 responsible for calculating are, um, the significant  
24 majority of increased revenues that JetBlue expected  
25 from the transaction, correct?

1 A. I apologize. Can you say that again?

2 Q. Sure.

3 So the four categories of revenue synergies that  
4 you calculated, they constitute the significant majority  
5 of increased revenues that JetBlue expected from the  
6 transaction, correct?

7 A. Yes, my team calculated the majority of the revenue  
8 synergies.

9 Q. And they're the significant majority of the total  
10 revenue synergies expected from the transaction,  
11 correct?

12 A. Yes.

13 Q. And if we just do the math on this slide, absent  
14 those increased revenues that you and your team  
15 calculated, JetBlue will be losing money compared to  
16 Spirit, right?

17 THE COURT: I -- without those revenue -- what you  
18 refer to as "synergies," if it -- your question is if  
19 you didn't get those, then JetBlue would be losing  
20 money?

21 MR. MOORE: Relative to Spirit, your Honor.  
22 Correct.

23 THE COURT: I don't understand the question.

24 MR. MOORE: Sure.

25 THE COURT: They would forego the benefits, but --

1 MR. MOORE: I can rephrase it, your Honor.

2 THE COURT: But what I've heard is they're  
3 profitable?

4 MR. MOORE: I can rephrase, your Honor.

5 THE COURT: All right.

6 Q. So, Mr. Friedman, looking at the Net Synergies  
7 column, you see that that's a total of 900 million as  
8 reported on this slide?

9 A. Um, yes.

10 Q. And that is cumulative of both the changes in cost  
11 as well as the changes in revenues, right?

12 A. Yes.

13 Q. And as we can see on this side, the costs actually,  
14 um, the cost dissynergies exceed the cost synergies,  
15 right, meaning that the costs actually increased as a  
16 result of the transaction, right?

17 A. There are revenue synergies and I believe the costs  
18 line would be characterized as a cost dissynergy.

19 Q. And so that's the negative 400 that we see on this  
20 slide, correct, it's in the far left?

21 A. Yes, roughly speaking.

22 Q. And if JetBlue did not earn the revenue synergies  
23 that appear in the Network and Customer Service columns,  
24 the additional revenues, for example from JCP and  
25 loyalty, those would not outweigh the increases in costs

1 from the transactions, correct?

2 A. As modeled on the slide? No.

3 Q. And, Mr. Friedman, we've printed an extra copy of  
4 the slide, um, it's in the front pocket of your binder,  
5 we'll probably be coming back to it a few times, so you  
6 might want to --

7 But for now though, let's turn to the fourth page  
8 of Exhibit 403, which is the second attachment to your  
9 e-mail.

10 A. (Turns.) 600?

11 Q. Yes, that's correct.

12 So this is a WORD document with "Synergies and  
13 Timing" at the top, correct?

14 A. Yes.

15 Q. You authored this document, correct, Mr. Friedman?

16 A. Yes.

17 Q. In this document you're explaining to Mr. Clark the  
18 various categories of increased revenue that you had  
19 calculated, correct?

20 A. Yes, I'm providing a very high-level summary before  
21 a meeting that we had to discuss it in more detail.

22 But, yes, this is the summary that I provided.

23 Q. And for each category of revenue synergies, you also  
24 described how you calculated them, correct?

25 A. Um, again providing a broad overview. But, yes,

1 explaining how, in a broad way, we calculated the  
2 synergies.

3 Q. Mr. Clark had asked you to provide these talking  
4 points in advance of a meeting with JetBlue's board of  
5 directors, is that right?

6 A. I believe so.

7 Q. And you understood that the board might ask  
8 Mr. Clark questions about the work that you had done,  
9 correct?

10 A. Um, I'm sure that was possible, yes.

11 Q. And you wanted to provide him the information so he  
12 could answer those questions if they came up, right?

13 A. Candidly I don't know what the board would ask Dave  
14 Clark, but he wanted a briefing, so I provided this  
15 overview, and then we had a meeting to discuss it  
16 further.

17 Q. And you tried to be as accurate as possible in this  
18 overview, correct?

19 A. Yes.

20 Q. Let's now start with what you called the "Customer  
21 Service Premium," which is at the first half of this  
22 page.

23 A. (Turns.)

24 Q. You helped to calculate the synergy, correct?

25 A. Yes.

1 Q. And if we look at the first bullet in the section,  
2 you're explaining that this synergy represents the  
3 higher revenues that JetBlue would earn from converting  
4 Spirit planes to JetBlue planes, correct?

5 A. Yes, this is referring to JetBlue's better product  
6 relative to Spirit and generating more TRASM as a  
7 result.

8 Q. And more "TRASM" meaning more revenues per unit of  
9 capacity, correct?

10 A. Yes, more total revenues per unit of capacity.

11 Q. If we look at the second bullet, these higher  
12 revenues would come from 5/6ths of the former Spirit  
13 network, correct?

14 A. Um, to be clear from a modeling standpoint, um, for  
15 the deal synergy valuation, that's what was in the  
16 model, correct.

17 Q. The model that ultimately underlies the revenue  
18 synergies that were presented to the board, correct?

19 A. Yes.

20 Q. That 5/6ths of the Spirit network, um, for which the  
21 Customer Service Premium would be generated, those would  
22 be Spirit planes that remain on the routes that they  
23 currently serve prior to the transaction, correct?

24 A. So I just want to be clear. In the theoretical  
25 modeling of the revenue synergies, yes, but there's a



1 separate Combined Network Plan moving forward that's  
2 different from what's exactly being discussed here. So  
3 from the theoretical modeling standpoint for the deal  
4 valuation? Yes. But not the Combined Network Plan.

5 Q. And we'll get back to the Combined Network Plan  
6 later. But for purposes of this deal modeling though,  
7 the Customer Service Premium would be generated on  
8 Spirit planes that remain on the same routes they serve  
9 today?

10 A. In the EXCEL modeling? In a theoretical sense.

11 Q. We will talk about the other six of the network a  
12 bit later.

13 But to calculate the higher revenues for this part  
14 of the network, you calculated what's called, um, in  
15 this document, a "RASM" change, correct?

16 THE COURT: In this document a "RASM" change?

17 MR. MOORE: Yes, your Honor, the first bullet.

18 (Pause.)

19 THE COURT: You may answer.

20 A. Yes, the synergy refers to RASM change generated by  
21 converting shop customer experience to JetBlue's.

22 Q. And we mentioned the term "TRASM" earlier, "RASM"  
23 and "TRASM," they're different ways to measure revenue  
24 per unit of capacity, correct?

25 A. They are, but admittedly I interchange them, and

1 many people do. I think in this context that we're  
2 talking about is "TRASM."

3 Q. This RASM or TRASM change is the difference between  
4 the -- Spirit's revenue per unit of capacity and what  
5 you expected JetBlue to earn per unit of capacity for  
6 those transactions, correct?

7 A. Um, yes, again driven by the product value or the  
8 product differences of Spirit and JetBlue, we felt there  
9 would be a customer service revenue synergy.

10 Q. And when you say a "customer service revenue  
11 synergy," you mean higher revenues per unit of capacity  
12 for JetBlue compared to Spirit, correct?

13 A. Because of the better product, we would generate  
14 higher revenues on that product. Yes.

15 Q. You also sometimes refer to this RASM change as a  
16 "RASM premium," correct?

17 A. I believe so.

18 Q. I want to talk about how you calculated this revenue  
19 premium. And we'll come back to the current exhibit  
20 later, but for now we're going to go to our next  
21 exhibit, which is Exhibit 413 in your binder.

22 A. (Turns.)

23 Q. Mr. Friedman, this is a March 2022 e-mail from you  
24 to Dave Clark and other JetBlue employees, correct?

25 A. Yes.

1 Q. In this e-mail you are discussing your method for  
2 calculating the increased revenues from JetBlue's  
3 potential acquisition of Spirit, correct?

4 A. Again I believe we're talking about the revenue  
5 synergies, yes.

6 Q. Let's go to Bullet Point Number 2 in your e-mail,  
7 and the subbullets underneath it.

8 A. (Turns.)

9 Q. In this part of your e-mail you were describing two  
10 different methods for calculating the revenue premium,  
11 is that right?

12 A. Yes, I believe so.

13 Q. The first method compared the revenues that JetBlue  
14 and Spirit each earned on the routes where they had  
15 competed against each other, correct?

16 A. Yes, the first method was showing, um, using real  
17 data on overlap routes, what was JetBlue's real TRASM  
18 performance relative to Spirit's real TRASM performance,  
19 in the real world.

20 Q. And you found that where you compared the real  
21 performance by JetBlue and Spirit, JetBlue's revenues  
22 for each unit of capacity were 41 percent higher than  
23 Spirit's, correct?

24 A. Right, the initial attempt to value the product  
25 differential was to look at how our performance compared

1 to Spirit's performance on overlap routes as a direct  
2 comparison, and the initial data showed 41 percent.

3 Q. And just looking at what's highlighted on the screen  
4 for a moment, there's a reference to "shop," and you  
5 understand that's referring to Spirit, correct?

6 A. Yes.

7 Q. And then the 1.41 that we see in Subbullet 2b,  
8 that's the 41 percent premium that we were just  
9 discussing, correct?

10 A. Yes, that's correct.

11 Q. You ultimately did not use this 41 percent premium  
12 in order to calculate the Customer Service Premium,  
13 correct?

14 A. Correct, we instead wanted to go with a more  
15 conservative figure.

16 Q. You used a, what's called, "bottom-up method," as we  
17 see in this e-mail, correct?

18 A. Um, yes, I refer to it as the "bottom-up."

19 Q. This method also involves an analysis of real-world  
20 data, correct?

21 A. Um, there were multiple inputs to this model, um,  
22 and, yes, many of those inputs were real-world data.

23 Q. This second method involved a real-world analysis of  
24 what happens when Spirit stops flying on a route,  
25 correct?

1 A. Um, we, um, took a -- we took a look at data from  
2 2014 to 2018 and identified all routes that Spirit had  
3 exited during that time period that met certain  
4 criteria, and we looked at the impact of Spirit's exits  
5 during that time. I believe there were 12 routes that  
6 we identified.

7 Q. And your analysis of those routes that you selected  
8 showed that average fares increased 30 percent when  
9 Spirit exits a route, correct?

10 A. So on an individual route basis, when you average  
11 all the average fare changes, we saw that average fare,  
12 on average, increased 30 percent one year after the  
13 Spirit entrance -- the Spirit exit.

14 Q. And what that means is that the average price of a  
15 ticket for all of these remaining airlines on the route  
16 increased 30 percent when Spirit stopped flying,  
17 correct?

18 A. The market fare on average changed by 30 percent.  
19 I never did a detailed analysis to see how the  
20 individual airlines changed. It's possible that they  
21 did not change the full 30 percent and that Spirit's own  
22 fares were contributing to that average. But at the  
23 highest level, average fares in the market increased by  
24 30 percent.

25 Q. You then write that, um, "Market size shrinks at a

1 rate of negative .42 elasticity," and I'm in Bullet 2C.

2 Do you see that?

3 A. Yes.

4 Q. That means that fewer passengers were flying on the  
5 routes after Spirit exited, correct?

6 A. The negative .42 would suggest that for every  
7 percentage point increase in fare observed, only .42  
8 percent -- demand increased by only .42 percent. It's a  
9 relatively low elasticity for what you see compared to  
10 JetBlue.

11 Q. But what that does mean ultimately, once you do the  
12 math, is fewer passengers were flying on the routes  
13 after Spirit left, right?

14 A. Um, yes, this was a limited negative elasticity, um,  
15 and it -- despite its small number, yes, the market size  
16 did shrink.

17 Q. And then after the fares had risen and passengers  
18 left the market, what your model shows is that JetBlue  
19 then enters the market and takes its fare share plus  
20 share back, do you see that?

21 A. Yes, I see that. I just want to be very clear about  
22 that. That's a very high-level summary of a much  
23 broader conversation that was had.

24 If you look at the bottom of the e-mail, we talk  
25 about "How there's a lot here and we'll attempt to bring

1     you through everything this evening." I would just  
2     characterize this sentence as one of those that we  
3     discussed more in depth.

4     Q. Well understanding that it's complex, just following  
5     the steps of the method that we just talked about, you  
6     ultimately calculated a number that was the revenue  
7     premium that JetBlue expected, right?

8     A. Yes, this model was solely used to calculate the  
9     product differential revenue synergy.

10    Q. And that number that you calculated was 24 percent,  
11    a 24 percent revenue premium for JetBlue, correct?

12    A. Yes, it went to a more conservative figure, um, 24  
13    percent, instead of the 41 percent.

14    Q. And you said "conservative" a few times. You mean  
15    that's lower revenues for JetBlue compared to what you  
16    would have gotten, for example, if you used the 41  
17    percent, right?

18    A. Um, correct, yes.

19    Q. This revenue premium, um, means that JetBlue, for  
20    each unit of capacity, was earning 24 percent higher  
21    revenues according to what you calculated, correct?

22    A. I apologize. Can you say that again?

23    Q. This 24 percent revenue premium is showing that  
24    JetBlue would earn 24 percent higher revenues for each  
25    unit of capacity, correct?

1 A. Compared to what Spirit would have generated on the  
2 worse product, um, yes.

3 Q. And this 24 percent revenue premium, which is again  
4 based on the 30 percent increase and decrease in  
5 passengers, this is what was used to calculate the  
6 Customer Service Premium, correct?

7 A. The 30 percent figure was merely an input into a  
8 much broader model. But I would not characterize a 30  
9 percent fare increase being suggested by the model.

10 Q. Well it's the necessary input to get to the 24  
11 percent, right?

12 A. It was an input into the 24 percent, but not a, um  
13 -- we're not characterizing this as a 30 percent fare  
14 increase.

15 Q. Understood. But to get to the 24 percent, you have  
16 to calculate them from 30 percent higher fares from  
17 Spirit's exit, right?

18 A. That was one input into the model, yes.

19 Q. And that 24 percent, that's what you used in order  
20 to calculate the total Customer Service Premium we  
21 talked about earlier, right?

22 A. Um, where we ended up in 2022 was with 1.24, yes.

23 Q. When you, um, calculated this revenue premium, you  
24 didn't model that fares would decrease when JetBlue  
25 entered the market, right?



1 A. Um, that is correct, we did not model the JetBlue  
2 effect in this. It would have led to a more aggressive  
3 revenue, um, premium more in line with the 1.4 one we  
4 originally set out with if we had included the JetBlue  
5 Effect.

6 Q. You also didn't model that passengers would return  
7 to the market when JetBlue entered, right?

8 THE COURT: I didn't hear the question?

9 Q. You also did not model that passengers would return  
10 to the market when JetBlue entered the former Spirit  
11 market?

12 A. So we addressed this model in a very specific way to  
13 calculate a more conservative product premium relative  
14 to Spirit. The way we did that was to not model in the  
15 JetBlue Effect by reducing fares and stimulating the  
16 market. And the reason for that was that it would have  
17 led to a product premium that was very similar to the  
18 1.41 that we were looking at before. So in essence we  
19 kept it out to ensure a more conservative figure came  
20 out of the model.

21 Q. But this number is the one that you chose in order  
22 to calculate the synergies for your group, right?

23 A. Yes, the 1.24.

24 Q. And this is the number that they would then be  
25 relying on to make the decision whether to proceed with

1     this transaction, correct?

2     A.   I'm -- it's an assumption that went into the  
3     modeling that went into the numbers that was showed to  
4     the board.   I'm not sure if the board ever saw this  
5     particular number.

6     Q.   But to the top-line number, the Customer Service  
7     Premium, you understood that was going to be presented  
8     to the board so they could decide whether to invest  
9     JetBlue's financial assets in this transaction, correct?

10    A.   Yes.

11    Q.   So far we've been talking about the Customer Service  
12    Premium and I now want to talk about another revenue  
13    synergy you calculated.

14             To do that let's go to the fifth page of Exhibit  
15    403.   It's going to have the Bates number ending 641.

16             THE COURT:   You're back to 403 now?

17             MR. MOORE:   Correct, your Honor, we'll actually  
18    come back here a few different times.

19             THE COURT:   And where in 403?

20             MR. MOORE:   It will be the fifth page that has the  
21    Bates number ending 601 at the bottom right-hand corner.

22             THE COURT:   Thank you.

23    Q.   So I want to zoom in, Mr. Friedman, on the section  
24    titled "Network Optimization."

25             In the first bullet in the section you explain

1     that this synergy refers to "redeploying aircraft from  
2     Spirit's weakest routes onto other routes." Do you see  
3     that?

4     A. Yes, I see that.

5     Q. So this synergy refers to taking Spirit planes from  
6     their existing routes and sending them to new routes,  
7     correct?

8     A. Um, yes, in the modeling, in a theoretical sense,  
9     yes.

10    Q. And in the modeling that would mean that the  
11    combined company would have fewer planes on the former  
12    Spirit routes than Spirit had prior to the transaction,  
13    right?

14    A. Again in the theoretical modeling, yes. But that  
15    modeling ended up being different from what the Combined  
16    Network Plan is moving forward.

17    Q. And we'll get to the Combined Network Plan later.

18           This synergy would apply to the other ones of the  
19    former Spirit network that did not receive the Customer  
20    Service Premium, correct?

21    A. In theory.

22    Q. And that means that according to this model JetBlue  
23    would stop service on the least profitable 1/6th of the  
24    Spirit number, correct?

25    A. It wasn't just the least profitable 1/6th, I believe

1       there were -- there might have been divestiture  
2       commitments modeled in as well.

3       Q.   Nevertheless the model shows that JetBlue would stop  
4       service on 1/6th of the Spirit network, correct?

5       A.   We would redeploy 1/6th of their network and we  
6       assumed, um, during this modeling phase, that it would  
7       come in at the 25th percentile revenue per shell, having  
8       not specifically reallocated it because of the, um, the  
9       mathematical nature of the modeling.

10      Q.   You talked about the, um, revenue synergies model a  
11      few times already and I now want to look at the model  
12      and walk through how you allocated planes, which ones  
13      would stay and which ones would be redeployed.

14      A.   Sure.

15      Q.   To do that we're going to go to our next exhibit,  
16      which is Exhibit 436 in your binder.

17      A.   (Turns.)

18      Q.   So you'll probably recall, Mr. Friedman, Exhibit 436  
19      is a very large spreadsheet, so all you have in your  
20      binder is a single sheet that was produced just by your  
21      counsel that describes what that document is. So we'll  
22      start here first.

23               If you look at this sheet, the title of the  
24      spreadsheet is "Model" --

25               THE COURT: With respect, I don't -- we're on 436.

1 I don't have it. At least I don't have it in paper.

2 THE WITNESS: I do not have it either.

3 (Pause.)

4 MR. MOORE: Sorry about that, your Honor, we'll  
5 bring up a couple of extra copies.

6 THE COURT: Fine.

7 (Hands.)

8 THE COURT: I do have this. (Indicates.)

9 MR. MOORE: Oh, okay, understood, your Honor.  
10 We're going to look at the spreadsheet through  
11 demonstratives, this is just --

12 THE COURT: Oh, all right.

13 Q. So, Mr. Friedman, just to be clear, the title of the  
14 spreadsheet, as indicated on this document, is "Model  
15 V.05 with Divestitures," correct?

16 A. Um, yes.

17 Q. So, as I mentioned, it's a very large spreadsheet,  
18 so we created a few demonstratives that will help us in  
19 looking through the spreadsheet.

20 To start let's go to, um, what's labeled in your  
21 binder as "Friedman Demonstrative A."

22 A. (Looks.)

23 Q. So this is a snapshot of one tab that's labeled  
24 "RE," do you see that?

25 A. Um, yes.

1 Q. And this is one tab in the spreadsheet that's the  
2 revenue synergies model, correct?

3 A. Yes, this particular model was put together by a  
4 colleague of mine, not in the Route Planning  
5 Organization, but is familiar with this. Yes.

6 Q. And the model was built on using a model that you  
7 had previously created to value the potential  
8 acquisition of Spirit, correct?

9 A. Yeah, I would say the underpinnings of that model  
10 were used, and then my colleague made adjustments along  
11 the way.

12 Q. And so this updated version of the model, it's your  
13 understanding that this is what was ultimately used to  
14 calculate the revenue synergies for this potential  
15 application, correct?

16 A. I believe this was the final file.

17 Q. And along the way your group provided inputs into  
18 the creation of the files for your colleague who worked  
19 on it, correct?

20 A. Yes.

21 Q. Let's now go to the next tab in your binder, what is  
22 Friedman B, it's another tab from this same spreadsheet.

23 A. (Turns.)

24 Q. So, Mr. Friedman, you will see on your screen that  
25 certain information in the demonstrative have been

1 redacted at your counsel's request. The unredacted  
2 information is in your binder in the hard copy so you  
3 should be able to see it. I would just ask, pursuant to  
4 your counsel's request, do not repeat the information  
5 that's been blacked out on the screen.

6 Mr. Friedman, this demonstrative is an excerpt  
7 from the Spirit P & L view tab of the larger  
8 spreadsheet, correct?

9 A. Yes.

10 Q. That's what we see with the "NK P & L view" at the  
11 bottom?

12 A. Yes.

13 Q. You and your team supplied some of the information  
14 that's reflected in this tab, correct?

15 A. Um, yes.

16 Q. And that information includes publicly-available  
17 data about Spirit's performance, correct?

18 A. Correct.

19 Q. This tab is where JetBlue identified which Spirit  
20 planes would stay in their existing routes and which  
21 were marked for removal and redeployment, correct?

22 A. So again I would characterize this as a very  
23 formulaic high-level approach to calculate the revenue,  
24 the potential revenue synergies from redeployment.

25 What's happening here is very simplistic, very

1 formulaic, and what is not being used for what the  
2 ultimate Combined Network Plan will be. But this was  
3 our attempt to quickly identify what that value could  
4 be.

5 Q. But again this is what you did in order to  
6 ultimately calculate the revenue synergies for your  
7 board before they approved this transaction, correct?

8 A. Um, yes.

9 Q. So we're going to discuss the formula process that  
10 you just mentioned in a moment, but I just want to walk  
11 through each of these columns to orient us to what's in  
12 the spreadsheet. So let's start at the left-hand side  
13 of the demonstrative, I'm going to start with Column C.

14 This is a list of routes that Spirit was serving  
15 as of 2019, correct?

16 A. Um, yes.

17 Q. And then moving one column to the right, um, Column  
18 K, this is labeled "B6 Overlap Route," correct?

19 A. Yes.

20 Q. That's indicating whether both JetBlue and Spirit  
21 served that particular route in 2019, correct?

22 A. Um, that particular route at the airport level, yes.

23 Q. And then the column next to it, Column L, is labeled  
24 "B6 Overlap Metro," correct?

25 A. Correct.



1 Q. And that's indicating overlaps where JetBlue and  
2 Spirit might serve the same city at one end of the route  
3 but from two different airports, correct?

4 A. Yes, that's correct.

5 Q. Moving over to Column BC. This column is showing  
6 where JetBlue converted the Spirit revenues on the  
7 aircraft to JetBlue revenues, correct?

8 A. Um, it -- apologies, there's a large gap there. I  
9 believe this is where we multiplied Spirit's RASM  
10 figures by the 1.24 TRASM adjustment, um, to account for  
11 the customer experience of synergy.

12 Q. And the 1.24, that's the same as the 24 percent  
13 revenue premium we were talking about earlier, correct?

14 A. Yes, driven by the product differences between the  
15 two airlines.

16 Q. In the column next to that Column BD, JetBlue then  
17 converts the Spirit costs to the JetBlue costs, correct?

18 A. Yes.

19 Q. And to do that the spreadsheet's applying a 33  
20 percent cost increase, correct?

21 A. Um, yes.

22 Q. That's the CASM factor we see in cell BD 8, correct?

23 A. That's correct.

24 Q. And that means that this model is showing that  
25 JetBlue's cost would be 33 percent higher per unit of

1 capacity compared to Spirit's, correct?

2 A. On a per-unit basis, a CASM basis, that's correct.

3 Q. And then in the next two columns this spreadsheet is  
4 applying those revenues and cost premiums to the Spirit  
5 planes, correct?

6 A. I apologize. Can you say that again?

7 Q. Sure. For Columns BH to BK, the spreadsheet is then  
8 applying those RASM and CASM adjustments, the revenue  
9 and cost adjustments, correct?

10 A. We're taking the per unit figures, multiplying them  
11 over the units, ASMs, to get the revenues and the costs  
12 and then the profits.

13 Q. And ultimately the margin from calculating those  
14 revenues and costs, that appears in Column BL, correct?

15 A. Um, I would call that like an initial step margin  
16 because all the other synergies are not being allocated  
17 here. But, yes, the synergies that are being allocated  
18 here, that would be the initial margin.

19 Q. And then starting in Column BN, which is the next  
20 column to the right, that's where the model begins  
21 identifying which planes would be -- would stay on their  
22 current route and which would be -- correct?

23 A. Again, in a very theoretical sense, to calculate a  
24 potential redeploy synergy, yes, um, this is where we  
25 begin marking that. It's initially very formulaic and

1 then we apply a quick strategic lens to it as well.

2 Q. In the determination of whether a plane would stay  
3 or be redeployed, that's based I think you said on a  
4 formula that appears in this column, correct?

5 A. Yes, I believe so.

6 Q. And we've selected one cell in this sheet to just  
7 provide an example. If you look towards the very top,  
8 you'll see that we selected Cell BN 12. Do you see  
9 that?

10 A. Yes.

11 Q. And then if you move over to the right, that's the  
12 formula you're talking about, um, that decides where the  
13 Spirit planes would go, correct?

14 A. It certainly doesn't decide where the Spirit planes  
15 would go, it just marks these rows as either  
16 overperforming or underperforming JetBlue's average  
17 after these synergies are applied.

18 Q. So if the value of the margin for the route is  
19 higher than the average JetBlue margin, then it's  
20 classified as "outperforms," correct?

21 A. Yes.

22 Q. And then if it's less than the average JetBlue  
23 margin, it's classified as "underperforms," correct?

24 A. Yes, per the formula.

25 Q. This initial determination of

1 outperforms/underperforms could be overridden by the  
2 Route Planning Group, correct?

3 A. Yes, we have a manual override column in Column BN.

4 Q. And these manual overrides reflect an adjustment  
5 based on whether JetBlue might maintain those Spirit  
6 routes as part of its network strategy, correct?

7 A. So at a very high level, um, we were aware of some  
8 potential growth strategies from work in the past or the  
9 fact that some of these routes might touch focus cities  
10 that exist today, so at a very high level we applied a  
11 strategic lens to say "Maybe we'd actually keep this  
12 route" or "Maybe" -- "or maybe not." But it was an  
13 attempt to put a very quick strategic lens into the  
14 synergy valuation.

15 Q. So this is suggesting that even though a route may  
16 not be profitable or as profitable based on the data, it  
17 still might be strategically useful for JetBlue,  
18 correct?

19 A. I think when JetBlue is focused on its focus city  
20 strategy and on building relevance and ensuring that we  
21 fly to the most popular destinations at the right  
22 frequency levels and driving success through that focus  
23 city strategy, um, sometimes we would keep an  
24 individually underperforming route that might contribute  
25 to the "greater good" so to speak.

1 Q. And that's true not only in this model but just as  
2 part of normal route planning at JetBlue, correct?

3 A. We tried to apply that theme very quickly here, um,  
4 as we were building out the synergies, but as you can  
5 see it's very formulaic and a very quick override  
6 process to get to the redeploy synergy value.

7 Q. And just to round out the columns that we've been  
8 talking about, I want to go to the next column over,  
9 which is Column BO, labeled "Final Category." Do you  
10 see that?

11 A. Yes.

12 Q. So if a route is marked as "outperforms" or "keep"  
13 in this final category, that means the plane is marked  
14 to stay on its current route, correct?

15 A. Again in the modeling's theoretical sense, right, we  
16 would say that this route is staying for the purposes of  
17 calculating the synergy, a much more in-depth process  
18 followed this and then a much more in-depth process then  
19 followed that second process.

20 Q. And for each of the routes that were marked  
21 "outperforms" or "keep" in this column, um, those are  
22 the routes where JetBlue was assuming the 24 percent  
23 revenue premium, correct?

24 A. Um, the 24 percent TRASM premium is being applied to  
25 all the routes in the model.

1 Q. But ultimately determining which routes would feed  
2 into the top-line Customer Service Premium, those are  
3 the routes that are marked "outperforms" or "keep" in  
4 this column, correct?

5 A. Um, yes, I believe that's how we rolled it up.

6 Q. So that's the 5/6ths of the network that we talked  
7 about when we started our discussion about the revenue  
8 synergies, correct?

9 A. I believe if you were to take all of the  
10 "underperforms" here in the final category, that would  
11 represent that 1/6th of the network.

12 Q. Right, so the "underperforms" are the remaining ones  
13 of the network not receiving the Customer Service  
14 Premium, correct?

15 A. Um, yes, and from the modeling standpoint.

16 Q. So on a typical EXCEL spreadsheet we can filter  
17 information to see only the routes or the rows rather  
18 that meet a certain criteria, right?

19 A. We can filter the information.

20 Q. So, for example, this spreadsheet we could filter it  
21 to only be the routes that are marked as  
22 "underperforming" in the final category column, correct?

23 A. Um, yes, you could filter them out.

24 Q. So we've created another demonstrative that I want  
25 to get to now that actually does that, um, filtering

1 process, and it's going to be the next tab in your  
2 binder, which is Demonstrative 31C.

3 A. (Turns.)

4 Q. Looking at the bottom left-hand side of this  
5 demonstrative, it appears that 127 routes are marked as  
6 "underperforms." Do you see that?

7 A. Based on the bottom left, 127 of 313. Yes.

8 Q. And does that sound accurate to you?

9 A. It's been a long time since I counted, but I trust  
10 the 127.

11 Q. I want to, um, look at an example of one of those  
12 routes that was marked as "underperforms." We'll go to  
13 row 122. And I'll just remind you that it's redacted on  
14 the screen, but you can actually see it on your paper  
15 copy in your binder. So let's go to Row 122.

16 Do you see the route in that row?

17 A. This is with the 111 next to -- it's Row 122 and  
18 then the first column is 111, is that correct?

19 Q. Correct.

20 A. Okay.

21 Q. Do you see that?

22 A. Yes.

23 Q. And according to this spreadsheet, that route is not  
24 on overlap either at the route level or at the metro  
25 level, correct?

1 A. Um, that is correct.

2 Q. That means that Spirit was not serving that route in  
3 2019 -- that Spirit was serving that route in 2019, but  
4 JetBlue was not?

5 A. That's correct.

6 Q. And this route is also marked as "underperforms" in  
7 both the initial and final categories, correct?

8 A. Yes.

9 Q. And that means that for this route JetBlue was  
10 modeling that it would remove the Spirit planes,  
11 correct?

12 A. From a pure modeling perspective, um, that's  
13 correct.

14 Q. And because JetBlue was -- JetBlue was not already  
15 serving that route, that would be an elimination of all  
16 service on that route by the combined JetBlue/Spirit,  
17 correct?

18 A. I just want to be careful again because we're not  
19 suggesting here that we're eliminating this route. In  
20 this modeling for the deal valuation and for the synergy  
21 valuation, that's how the formula -- the formula  
22 designated this particular route.

23 Q. So it was eliminated in this modeling that you did  
24 for the route synergies, correct?

25 A. In the valuation model.



1 Q. So we've just been discussing how JetBlue identified  
2 which planes were staying on the routes and which were  
3 marked for redeployment in your model.

4 As part of that exercise, your team created  
5 something called a "Preliminary Network Overview,"  
6 correct?

7 A. Yes.

8 Q. And that overview is a list of routes that the post-  
9 merger JetBlue would serve according to the model,  
10 correct?

11 A. Um, I wouldn't characterize it as a list of routes  
12 that JetBlue will serve, it was, um -- after we put  
13 together this deal synergy valuation, we were asked to  
14 sanity check that some of the assumptions in the model,  
15 um, would carry weight. So we very quickly, in a 5-to-7  
16 business day period, endeavored upon a high-level  
17 Preliminary Network Overview to back up some of the  
18 assumptions in the deal synergy modeling before we  
19 signed the final agreement with Spirit.

20 Q. So the purpose of this overview was to validate the  
21 assumptions that were going into your revenue synergies,  
22 correct?

23 A. It was to do a sanity check and, yes, to validate.

24 Q. Because you wanted to make sure that the revenue  
25 synergies were an accurate representation of what

1 JetBlue could expect from the transaction, correct?

2 A. Um, yes, we wanted to make sure that they were,  
3 um -- that they were accurate.

4 Q. And going back to, um, what's actually in the  
5 overview. So understanding that it's part of the  
6 modeling that you did, and you've done some work later,  
7 this overview was though a list of routes that the post-  
8 merger JetBlue would service, correct?

9 A. Yeah, I just want to be careful on that  
10 characterization. It's not always the route that  
11 JetBlue would serve, it's a list of potential routes  
12 that were put together with a very high-level  
13 forecasting methodology of over 5 to 7 business days to  
14 sanity check the assumptions, the 25th percentile  
15 revenue redeploy that was built into the original deal  
16 synergy model.

17 Q. So let's talk about what's in that list of routes.

18 So that list of routes would include the Spirit  
19 routes that were marked "outperforms" or "keep" in that  
20 spreadsheet we were looking at, correct?

21 A. That's correct.

22 Q. And it would also include a set of new routes that  
23 neither JetBlue nor Spirit serves today, correct?

24 A. There were new routes put in, yes.

25 Q. For that last category the Route Planning Team

1 identified those Potential new routes by looking at  
2 areas where JetBlue had previously considered growing,  
3 correct?

4 A. Um, yes, we had from previous work a high-level  
5 understanding of potential growth areas that we could  
6 grow into. So because of the quick nature of the  
7 exercise, we started there, um, and started with those  
8 points as potential growth opportunities.

9 Q. And the routes that, um, were marked "underperforms"  
10 in the spreadsheet we were looking at, those would not  
11 be included with that overview, correct?

12 A. The routes specifically would not have been, but the  
13 aircraft would have been redeployed to other places.

14 Q. So I want to look at the Preliminary Network  
15 Overview now. To do that we created another  
16 demonstrative from that same spreadsheet that we've been  
17 looking at, it's Friedman Demonstrative B. It's in your  
18 binder. It should be the next tab.

19 A. (Looks.)

20 Q. And as before, Mr. Friedman, you can see the routes  
21 on this demonstrative are redacted, but you can see them  
22 in your paper copy.

23 The name in this tab in the revenue synergies  
24 model is "Combined Network View by City." You can see  
25 that at the bottom, correct?

1 A. Um, yes.

2 Q. The Route Planning Team put together the information  
3 in this tab, correct?

4 A. Um, I can't specifically recall if it was my team or  
5 my colleague, but we were -- it's all the same file that  
6 we're involved in.

7 Q. Your team was providing the input though in the  
8 selection of routes that appears in this tab, correct?

9 A. Um, yes.

10 Q. And this tab, it summarizes the Preliminary Network  
11 Overview in a visual format, correct?

12 A. It does accomplish that, but the use of the -- of  
13 this tab was -- to kind of give some context to the  
14 exercise, was on the left side you have all the, quote,  
15 unquote "growth programs" that were being considered and  
16 on the top you have the same growth programs. The  
17 purpose of this tab was to sanity check that we were  
18 serving all the growth programs from the other growth  
19 programs. And if we weren't, um, we would just  
20 qualitatively add it in considering that we were trying  
21 to build a strategic network.

22 So it wasn't necessarily quantitatively based,  
23 this helped us visualize where we might have missed an  
24 obvious opportunity without an actual forecast having  
25 been run.

1 Q. Just to sort of break that down though. If we look  
2 at this tab we can see whether routes would be included  
3 in the Preliminary Network Overview or not, correct?

4 A. You could see if specific routes between these  
5 cities were included, and if they weren't, it would be a  
6 cue to our team to see if it should be just from a  
7 high-level strategic sense.

8 Q. So for the cells that are marked "yes" in those  
9 columns, that's indicating the route would be included  
10 in the overview, correct?

11 A. That would suggest that the route is on the other  
12 spreadsheet as part of the high-level Preliminary  
13 Network Overview.

14 Q. And if the cell is blank, that would mean that the  
15 route is not included in the Preliminary Network  
16 Overview, correct?

17 A. Um, that's correct.

18 Q. I want to go to, um, Cell Y31, which I know is  
19 harder to find in a physical copy, so we're going to  
20 highlight the cell on your screen as well, to help you  
21 find it.

22 So this is the cell for the route that we were  
23 just talking about a few moments ago, correct?

24 A. Correct.

25 Q. And that's a legacy hub-to-hub route, correct?

1 A. Um, yes, that's a legacy hub-to-hub route.

2 Q. And that route was marked as "underperforms" in the  
3 tab we looked at earlier, correct?

4 A. Yes.

5 Q. And we can see here in this demonstrative that that  
6 route was not included in the overview, correct, because  
7 the cell is blank?

8 A. Um, correct, it was not included in the overview.

9 Q. So according to the model this is a former Spirit  
10 route that was marked for elimination, correct?

11 A. From the high-level Preliminary Network Overview  
12 phase, this was marked, um -- this was not included in  
13 that document.

14 Q. All right. You can put that demonstrative to the  
15 side.

16 So so far we've talked about, um, two categories  
17 of revenue synergies, the increased revenues from the  
18 Customer Service Premium and the redeployment synergy.  
19 I want to talk about a third category of synergies now.  
20 And to do that we're going to go back to an exhibit that  
21 we have looked at earlier a few times already, it's  
22 Exhibit 403.

23 A. (Turns.)

24 Q. And we're going to go to page 5 of Exhibit 403,  
25 which has the Bates number ending 601.

1 A. (Turns.)

2 Q. And I want to go to the section entitled "Increased  
3 Relevance." Do you see that?

4 A. Yes.

5 Q. You also calculated this category of revenue  
6 synergies, correct?

7 A. Yes, that's correct.

8 Q. So as we can see in the first bullet underneath  
9 "Increased Relevance," this synergy refers to JetBlue  
10 having increased presence at certain airports as a  
11 result of buying Spirit, correct?

12 A. Um, yes.

13 Q. "Increased presence" meaning having a larger share  
14 of seats on planes departing from that airport, correct?

15 A. It's referring to adding additional frequencies, new  
16 routes, relevant routes that are relevant to the  
17 customers in that focus city. So the more routes we  
18 serve, the more frequencies we serve on those routes,  
19 the more relevant we become. That's the type of  
20 presence and relevance that we're trying to generate  
21 here.

22 Q. And for purposes of this synergy it's looking at,  
23 um, what would be JetBlue's share at the airport  
24 compared to other airlines serving that airport,  
25 correct?

1 A. It -- I believe we use a share metric to calculate  
2 it.

3 Q. And what this synergy shows is that the higher the  
4 share that JetBlue has at an airport, the higher the  
5 revenue premium it can achieve, correct?

6 A. Um, the higher of the share, presumably the more  
7 routes that you serve, and serving those routes well,  
8 yes, the better you perform relative to other carriers  
9 as you become a carrier of choice.

10 Q. Well there's no metric for quality performance  
11 though that you incorporate into your modeling of this  
12 relevance synergy rate, it's just based on the share?

13 A. Um, there is no specific, um, metric related to  
14 quality, but it's kind of implicit.

15 Q. This premium reflects the fact that JetBlue has  
16 increased pricing power at airports where it has a  
17 higher share, correct?

18 A. This metric refers to growing focus cities, um, by  
19 increasing the number of routes, increasing the number  
20 of frequencies on those routes, and increasing your  
21 overall relevance in becoming --

22 THE COURT: But that doesn't answer his question,  
23 I don't think.

24 I understood that question to say that at airports  
25 where JetBlue has a larger presence, they have a greater



1 power to increase fares?

2 THE WITNESS: I wouldn't characterize it as a  
3 "greater power," I would characterize it as being more  
4 relevant to, um, to more customer segments. So for  
5 example --

6 THE COURT: No, I understand your answer, which is  
7 responsive to my question, and how does that translate  
8 into revenue?

9 THE WITNESS: Oh. If you are more relevant to  
10 more customer segments, that translates into higher  
11 revenues and higher unit revenues as a result.

12 THE COURT: Because they're more likely, by your  
13 calculation, to choose JetBlue to fly?

14 THE WITNESS: That's correct, your Honor.

15 THE COURT: All right.

16 Q. Mr. Friedman, let's go for a moment to the tab  
17 that's labeled BTE. And this exhibit is not already in  
18 evidence and we're going to not put it on the screen for  
19 a moment. So just turn to the physical document in your  
20 binder.

21 A. (Turns.)

22 Q. Mr. Friedman, this is an e-mail from you to other  
23 JetBlue employees in February of 2020, correct?

24 A. Um, yes.

25 Q. One of those employees you were sending this e-mail

1 to was Scott Lawrence, correct?

2 A. Um, yes.

3 Q. And at the time Mr. Lawrence held a similar position  
4 to what Mr. Clark, whom we discussed earlier, holds  
5 today, correct?

6 A. Yes, that's correct.

7 Q. So Mr. Lawrence was your supervisor ultimately at  
8 the time?

9 A. Yes, he was my reporting chair.

10 Q. At this time in February of 2020, JetBlue had also  
11 been considering buying Spirit, correct?

12 A. Um, yes.

13 Q. And you're attaching your e-mail as a talking point  
14 relating to the revenue synergies from that iteration of  
15 the transaction, correct?

16 A. Yes.

17 MR. MOORE: Your Honor, at this time plaintiffs  
18 would move Exhibit BTE in evidence as Exhibit 692.

19 THE COURT: Any objection?

20 MR. MITCHELL: No objection, your Honor.

21 THE COURT: No objection. BTE is admitted in  
22 evidence, Exhibit 692.

23 (Exhibit 692, marked.)

24 Q. Mr. Friedman, I want to turn to the second page of  
25 Exhibit BTE, which has the Bates number ending 829.

1 A. (Turns.)

2 Q. So this appears to be an earlier version of the  
3 talking points we've been looking at throughout our  
4 discussion today, correct?

5 A. Yes, that's correct.

6 Q. Let's flip one more page ahead, so it's the page  
7 ending 830, and I want to go to the "Increased  
8 Relevance" section there. Do you see that?

9 A. Yes.

10 Q. In the first bullet, um, underneath "Increases  
11 Relevance," you explain that this synergy reflects that  
12 an airline would have increased pricing power, correct?

13 A. The way that I describe it is it becomes a carrier  
14 of choice and thus creating pricing power. I think what  
15 I'm referring to here is this similar concept that we  
16 just discussed earlier, just rephrase it.

17 Q. So a "yes" to my question, you described the synergy  
18 of increasing pricing power, correct?

19 A. I see how we described it here, but we -- the way  
20 that we described it earlier is what I would consider to  
21 be more accurate.

22 Q. We're going to go now back to Exhibit 403 where  
23 we've been a few times, even with that. And we're going  
24 to go back to the page ending 601. So it's where we  
25 were earlier.

1 A. I apologize, what's the number?

2 Q. 403 is the exhibit, and the Bates number at the  
3 bottom is 601.

4 A. Got it. (Turns.)

5 Q. In this third main bullet underneath "Increased  
6 Relevance," you're explaining how you calculated the  
7 revenue synergies, it's the bullet that says "Synergy  
8 Calculated By." Do you see that?

9 A. Yes.

10 Q. As part of this analysis you studied the revenue  
11 premium that American Airlines earns at its hubs,  
12 correct?

13 A. I believe we studied multiple airlines, American  
14 included.

15 Q. You also studied Delta, correct?

16 A. Yes.

17 Q. And you studied United, correct?

18 A. Yes.

19 Q. And you also studied Southwest, correct?

20 A. And others.

21 Q. Those are actually the only four that you studied,  
22 correct, for those revenue premiums?

23 A. Um, I can't recall.

24 Q. Would it refresh your recollection, um, if you  
25 looked back at your deposition transcript?

1 A. Um, sure.

2 Q. You can go, it's one of the bigger binders that you  
3 have on the podium, and the tab label will be CID  
4 30(b)(6). And I'll give you a page number.

5 A. (Looks.)

6 Q. If you turn to -- do you have that transcript,  
7 Mr. Friedman?

8 A. Yes.

9 Q. And if you'd turn to Page 242, and just read lines 5  
10 through 14 silently to yourself.

11 A. (Turns.) I apologize. What lines?

12 Q. Lines 5 to 14.

13 A. (Pause.) Sorry, I'm on Page 243.

14 Q. 242.

15 A. Oh, sorry. (Turns.) (Reads.) Got it. Thank you.

16 Q. So now having read that, does that refresh your  
17 recollection, Mr. Friedman?

18 A. Um, yes, I apologize, in that analysis we only  
19 included those four carriers that you described. I  
20 believe we earlier looked at other carriers to see if it  
21 existed, but they weren't at the share levels to see the  
22 effect.

23 Q. So the only four airlines that, um, are built into  
24 the calculation of this revenue synergy are the three  
25 legacy airlines and Southwest, correct?

1 A. That's correct.

2 Q. So according to this revenue synergy, um -- well  
3 actually let me ask you this first.

4 Those four airlines that we were just discussing,  
5 American, Delta, United, and Southwest, they're  
6 sometimes referred to as the "Big 4," correct?

7 A. Yes, they're referred to as the "Big 4."

8 Q. So according to this synergy, JetBlue would, after  
9 acquiring Spirit, have increased pricing power similar  
10 to how the Big 4 have pricing power, correct?

11 A. I would characterize it as we would be able to serve  
12 high-value customer segments that we've had trouble  
13 serving over the years. So getting better access to  
14 high-end leisure customers. Getting better access to  
15 corporate customers. Getting better access to customer  
16 segments that value credit card acquisition and a robust  
17 loyalty program with a wide and deep network.

18 Increasing our presence in focus cities. Flying more  
19 frequencies. Flying more routes. That's what you see  
20 from Delta, United, and American, and that's who we want  
21 to compete against and instill more competition.

22 Q. You, um, talked about serving certain customers in  
23 your answer, those are what you were describing here as  
24 "higher-value customers," is that right?

25 A. I think I said "high value."

1 Q. Higher-value customers?

2 A. Got it. I see it. Yes.

3 Q. So as opposed to, um, for example, a Spirit customer  
4 who may not value those things that you just described?

5 A. Again the way that I look at this is about  
6 increasing our relevance to generate incremental traffic  
7 onto aircraft from customer segments that the Big 4 have  
8 been able to serve because of their position. And as a  
9 result of this transaction, we would be able to go after  
10 those incremental customer segments and generate  
11 incremental traffic alongside Spirit customers that we  
12 otherwise would be challenged to do because of the  
13 position of the Big 4.

14 Q. You calculated the synergy would result in \$140  
15 million annually for JetBlue in increased revenues,  
16 correct?

17 A. Yes, that's what we estimated.

18 Q. All right. So we've talked about three synergies so  
19 far and I just want to round out and talk about the last  
20 synergy that you worked on for this transaction. So  
21 we're going to stay with Exhibit 403 and go back to the  
22 page before, which ends in 600. And I'm going to go to  
23 the section that's titled "Competitive O & D Network."

24 A. (Turns.)

25 Q. "O & D" stands for "Original and Destination,"

1 correct, Mr. Friedman?

2 A. Um, yes.

3 Q. Does this synergy describe the increased revenues  
4 JetBlue would earn from operating a hub at Fort  
5 Lauderdale Airport, correct?

6 A. This synergy refers to growing Fort Lauderdale and  
7 being able to offer incremental connectivity as a result  
8 of the two airlines coming together.

9 Q. "Incremental connectivity," meaning turning it into  
10 a hub, correct?

11 A. There would be connectivity, it would be our -- it  
12 would continue to be our focus city, and it would be a  
13 competitive hub alternative to Miami and Atlanta.

14 Q. Miami referring to the hub for American Airlines at  
15 Miami International Airport, correct?

16 A. Yes, they have about 350 flights a day at their hub  
17 in Miami.

18 Q. And Atlanta, that refers to Delta's hub at Atlanta  
19 Airport, correct?

20 A. Delta's hub with about 800 flights a day, correct.

21 Q. And that's the two that you're trying to model Fort  
22 Lauderdale after for this transaction, correct?

23 A. We're not trying to model ourselves after Delta or  
24 American, I think what we're trying to get across here  
25 is that as a result of combining our two networks and in



1 the Combined Network Plan getting to the 250 flights a  
2 day, we'll have a very strong network for the Fort  
3 Lauderdale point of sale on the nonstop basis, we'll  
4 have a very strong network for millions of customers to  
5 also connect through Fort Lauderdale into Central  
6 America, Latin America, South America, et cetera. We're  
7 going to do this in the JetBlue way, but I think the  
8 point we're trying to make here is there's incremental  
9 revenue to be had and it will make us much more -- it  
10 would drive much more competition to the duopoly that  
11 exists in Miami and Atlanta today.

12 Q. And that incremental revenue is \$150 million  
13 annually and more revenues for JetBlue, correct?

14 A. Um, yes, by being more attractive for customers  
15 travelling on O & D pairings through Fort Lauderdale.

16 Q. All right, you can close that exhibit, and I think  
17 we may actually be done with it for today.

18 So we've been talking about the deal modeling that  
19 was prepared in 2022 to assist JetBlue management in  
20 evaluating this transaction, and I want to shift forward  
21 now in time to the Combined Network Plan you referred to  
22 a few times.

23 So after the merger agreement was signed, you led  
24 a team that created a Combined Network Plan for JetBlue  
25 in the event that it buys Spirit, correct?

1 A. Yes, I led the team that created the Combined  
2 Network Plan.

3 Q. So unlike the network overview we looked at earlier,  
4 the Combined Network Plan was not created until after a  
5 merger agreement was signed, correct?

6 A. That's correct.

7 Q. You and your team began the process for creating  
8 this plan in November of 2022, correct?

9 A. Um, I'd characterize it as the "preseason" for the  
10 Combined Network Plan that started in November, um, the  
11 work really began after I got back from my paternity  
12 leave in mid January.

13 Q. So you and your team essentially did no work for at  
14 least 5 months, maybe more, on creating the Combined  
15 Network Plan after you had finished the network  
16 overview, correct?

17 A. Um, there was no work done on the high-level network  
18 overview that was done in May of 2022. I believe we  
19 signed the deal with Spirit in July, um, and then there  
20 was, um, some time to build the integration  
21 infrastructure before we kicked off the combined network  
22 planning process.

23 Q. So several months though went by before you started  
24 working on the Combined Network Plan, correct?

25 A. Yes.

1 Q. Ultimately you and your team created a slide deck  
2 that summarizes the Combined Network Plan, correct?

3 A. Um, yes.

4 Q. In terms of timing, that slide deck summarizing the  
5 Combined Network Plan was provided to the Department of  
6 Justice in May of this year, correct, during this  
7 litigation?

8 A. Candidly I don't know when it was provided to you.  
9 We presented it to our leadership in earlier mid May.

10 Q. And that slide deck summarizing the Combined Network  
11 Plan was actually created specifically to present to the  
12 Department of Justice, correct?

13 A. Um, no, I would not characterize it that way.

14 Q. So it's your testimony that that deck was not  
15 created for the Department of Justice?

16 MR. MITCHELL: Objection, your Honor, asked and  
17 answered.

18 THE COURT: I think that's right. Sustained.

19 Q. Mr. Friedman, could you, um, turn to the tab labeled  
20 "Lit" in your deposition binder. L-I-T.

21 A. (Turns.)

22 Q. And we're going to go to the --

23 A. Sorry, in the deposition?

24 Q. Right.

25 A. Okay, got it.

1 Q. And I'm going to go to Page 278 in the transcript  
2 labeled "Lit."

3 A. (Turns.) 278 in "Lit"?

4 Q. 278 in "Lit," correct.

5 A. (Turns.) I apologize. I feel like I'm making a  
6 mistake. In the Friedman NEA Lit --

7 Q. Not NEA, just L-I-T.

8 A. All right. Okay. Do you know if it's in 202 or in  
9 102?

10 Q. It may be in a separate binder. You have two  
11 deposition binders.

12 A. (Turns.) Apologies.

13 Q. I know it's a lot of paper.

14 A. What page?

15 Q. 278.

16 A. (Turns.)

17 Q. And let me know when you're there.

18 A. (Turns.) Yes.

19 Q. So I'm going to start reading at Line 4.

20 Question, "Why was that deck an output for legal?"

21 Answer, "My understanding was that the Department of  
22 Justice was asking for the Combined Network Plan."

23 Question, "Absent that request, would you have created

24 that deck?" Answer, "You're talking about an

25 alternative universe?" Question, "Yes. Absent the

1 request, would you have created the deck as it exists  
2 today?" Answer, "I, at some point through my  
3 transactions, apologies, at some point, just like we  
4 provide network plans and quarterly network reviews,  
5 that very well could have been created. However this  
6 deck was created to pass on and to present to the  
7 Department of Justice."

8 Did I read that correctly?

9 A. Yes, you did.

10 Q. And those were the answers that you provided?

11 A. Um, I believe so.

12 Q. So I want to look at that Combined Network Plan now.  
13 Let's turn in your binder to the tab labeled 36Q, and  
14 we're going back to your exhibit binder when we're done.

15 A. (Turns.)

16 Q. Mr. Friedman, this is the slide deck summarizing the  
17 Combined Network Plan that we were just discussing,  
18 correct?

19 A. Yes, this is the 2027 Combined Network Plan.

20 Q. You created this presentation, correct?

21 A. Yes, me and my team.

22 Q. And the date of the presentation is May 5th, 2023,  
23 correct?

24 A. That's correct.

25 Q. So you completed this presentation after the

1 Department of Justice had sued to block this  
2 transaction, correct?

3 A. We started this in January, um, and we completed it  
4 in May. Offhand I can't remember when you sued us.

5 THE COURT: What is the, um -- 362?

6 MR. MOORE: Yes, your Honor, 362.

7 THE COURT: Okay, thank you.

8 Go ahead.

9 Q. Let's go to Slide 2 of Exhibit 362. It has a Bates  
10 number ending 882.

11 This slide is providing an overview of the  
12 Combined Network Plan, correct?

13 A. Yes.

14 Q. And to be clear, this is not the same network plan  
15 that was presented in the network overview we looked at  
16 earlier, correct?

17 A. Yeah. And just to be clear, this is the Combined  
18 Network Plan, the other models that we looked at were  
19 for validating synergy valuations.

20 Q. So this contains a different set of routes than the  
21 network overview we looked at earlier, correct?

22 A. Yes, a different set of routes, a different  
23 methodology, a much more in-depth review that took  
24 several months.

25 Q. So it's a different plan than the one that was used

1 to validate the revenue synergies presented to JetBlue's  
2 board, correct?

3 A. Yes, that's correct.

4 Q. I want to go down to the footnotes that appear at  
5 the bottom of the slide, and we'll try and zoom in, but  
6 I'm not sure it will make it that much bigger on the  
7 screen.

8 Each of these footnotes with the two asterisks is  
9 providing information about the airports where JetBlue  
10 has offered divestitures, correct?

11 A. Yes.

12 Q. Let's go to the bullet for Boston Logan, "BOS."  
13 That bullet says that JetBlue's and Spirit's existing  
14 capacity, as well as all future growth, all of that  
15 would sit within JetBlue's current gate structure at  
16 Boston, correct?

17 A. Um --

18 THE COURT: I just don't understand the question.  
19 Would you ask the question again?

20 MR. MOORE: Yes, your Honor.

21 Q. So this bullet is talking about the gates that  
22 JetBlue has in Boston, correct?

23 A. This bullet is referring to Spirit's gates.

24 Q. At the end of the bullet it refers to JetBlue's  
25 "existing gate portfolio," do you see that?

1 A. Yes.

2 Q. And that means the gates that JetBlue already has in  
3 Boston, correct?

4 A. Yes.

5 Q. And it's saying that those JetBlue and existing --  
6 JetBlue and Spirit existing capacity could fit within  
7 those gates, correct?

8 THE COURT: What gates?

9 MR. MOORE: The combined gates between JetBlue and  
10 Spirit, subtracting out the divestitures.

11 THE COURT: I understand that.

12 Is that what you meant to convey?

13 THE WITNESS: Um, yes. Taking JetBlue's frequency  
14 levels at the time of the Combined Network Plan and  
15 Spirit's frequency levels, we could fit them on the  
16 gates that JetBlue had, um, and Spirit's gates would be  
17 divested.

18 Q. So all of the existing flights within the current  
19 number of gates that JetBlue has in Boston Logan?

20 A. Yes.

21 Q. And so that's indicating that JetBlue would, um --  
22 let me ask it this way.

23 That means that JetBlue has room, sitting here  
24 today on a standalone basis, to add more flights on its  
25 gates at Boston Logan, correct?



1 A. Today we're operating about 140 daily flights out of  
2 Boston. Precovid we were operating about 185. The  
3 environment precovid to post-covid has changed. So as a  
4 result, what we're able to fit on our gates today  
5 relative to what Spirit operates, we're able to fit what  
6 they have.

7 Q. So that's a "yes," JetBlue has room to add flights  
8 even without the Spirit transaction in Boston Logan,  
9 correct?

10 A. In Boston we have room to add flights.

11 Q. Let's go to Slide 8 of this exhibit, it has a Bates  
12 number ending 888 at the bottom.

13 A. (Turns.)

14 Q. So this slide is also discussing JetBlue's plans for  
15 Boston, correct?

16 A. Yes.

17 Q. And it indicates that there's no change to plan in  
18 Boston, correct?

19 A. Um, correct, no change to plan.

20 Q. That's indicating that the total growth in Boston is  
21 the same in JetBlue's standalone network plan as in the  
22 Combined Network Plan, correct?

23 A. I believe it's indicating that there is no change  
24 because the original plan assumed to max out our gate  
25 utilization -- well not our gate utilization, but our

1 gate footprint at Boston, um, and it's our intention to  
2 do so again. And we wouldn't be able to grow further  
3 because we're divesting those Boston Spirit assets.

4 Q. So the transaction achieves no additional departures  
5 at Boston Logan compared to what JetBlue would have  
6 achieved on a standalone basis, correct?

7 A. Correct, because we're divesting Spirit's assets.

8 Q. Let's go back to Slide 2 now.

9 A. (Turns.)

10 Q. We're going to go back to the footnotes and we're  
11 going to go to the footnote for Fort Lauderdale.

12 So this bullet refers to an assumption about  
13 JetBlue receiving additional gates at Fort Lauderdale by  
14 2027. Do you see that?

15 A. Um, yes.

16 Q. You were not aware of any conversations with the  
17 airport authority in Fort Lauderdale confirming that  
18 JetBlue would receive these gates, correct?

19 A. My understanding today is that there are two gates  
20 in a new Terminal 5 that's being built that will come to  
21 JetBlue.

22 Q. When did you gain that understanding?

23 A. Um, that understanding -- I've had that  
24 understanding for a long time.

25 Q. Okay. So let's go to your LIT 30(b)(6) deposition

1 on here.

2 A. (Turns.)

3 Q. And let me know when you're at the transcript. I'll  
4 give you a page number.

5 A. Yup.

6 Q. I want to go to Page 41, Lines 17 to 24.

7 A. (Turns.)

8 Q. So those lines say, Question, "But my question is  
9 whether you are aware of any questions of the 30(b)(6)  
10 representative would be had confirming that JetBlue  
11 would in fact receive the gates necessary to accomplish  
12 the growth in the Combined Network Plan?" And your  
13 answer was, "As a 30(b)(6) witness, I'm not aware of  
14 those conversations."

15 That was your answer?

16 A. Yes. And to be clear, for the full growth of the  
17 Combined Network Plan? Yes. But there are two gates  
18 that I'm aware of in Terminal 5 that will be coming our  
19 way. Are those two gates everything for Fort Lauderdale  
20 250? No. But I just want to make it clear that I am  
21 aware of two gates that are coming our way in Fort  
22 Lauderdale.

23 Q. So sitting here today you do not know whether  
24 JetBlue will in fact receive all of the gates  
25 contemplated by the Combined Network Plan, correct?

1 A. Sitting here today I know that we had a joint press  
2 release supporting the master plan with DCAD in Fort  
3 Lauderdale and, um, it's our assumption that, um, we  
4 would be able to, as a result of that press release,  
5 grow into what we need to grow into.

6 Q. All right. Let's go to Slide 15, um, of this  
7 exhibit, Exhibit 362.

8 THE COURT: Say it again? Go where?

9 MR. MOORE: Exhibit 362, the Combined Network Plan  
10 document we were looking at earlier, it would be in  
11 Slide 15.

12 THE COURT: 15. And the Bates page?

13 MR. MOORE: 895.

14 THE COURT: Thank you.

15 Q. So this slide is describing JetBlue's plan to create  
16 a connecting hub, is that right?

17 A. This is a plan, um -- sorry. Yes, so we would be  
18 making a play for a top MSA while enabling one-stop  
19 connections for millions of customers.

20 Q. So JetBlue would be creating a connecting hub,  
21 right?

22 A. This would be a focus city with a lot of  
23 connectivity potential, yes.

24 Q. And the same questions as I had about Fort  
25 Lauderdale.

1           To your knowledge no one at JetBlue has discussed  
2           with this airport whether JetBlue would actually obtain  
3           the gates necessary to achieve the departures in the  
4           Combined Network Plan, correct?

5           A. I'm personally not aware if the -- a guarantee or a  
6           contract has been given, but again the joint press  
7           release and public support for the Fort Lauderdale Beach  
8           Head Master Plan, which includes dozens of new gates,  
9           um, I think the intention was to have the joint support  
10          for the Fort Lauderdale 250 plan.

11          Q. Well my question is not this airport, you're not  
12          aware of any --

13          A. Oh, sorry.

14          Q. You have not received confirmation that JetBlue has  
15          actually received the gates at this airport necessary to  
16          achieve the departures contemplated in the plan?

17          A. No, we have not reached out to anyone for  
18          confirmation or signed any contracts, we are aware that  
19          terminal expansion is possible.

20          Q. Let's turn to Slide 48, so towards the very end of  
21          this exhibit. It has the Bates number ending 928.

22          A. (Turns.)

23                 THE COURT: Say again the Bates number?

24                 MR. MOORE: 928.

25                 THE COURT: Thank you.

1 Q. So this slide is describing the forecast methodology  
2 for the baseline, the Combined Network Plan, correct?

3 A. Um, yes.

4 Q. And "baseline" refers to the existing JetBlue and  
5 the Spirit schedules, correct?

6 A. Um, yes.

7 Q. This slide describes both the capacity and  
8 anticipated revenues for that baseline, correct?

9 A. Um, the anticipated capacity and revenues?

10 Q. For the baseline schedules, correct.

11 A. I believe this describes the forecasting  
12 methodology.

13 Q. Well there's two segments -- well actually three  
14 segments to the slide, "Capacity," "Revenue," and  
15 "Cost," correct?

16 A. Yes.

17 Q. And those are all responding to the baseline  
18 schedules, correct?

19 A. Yes.

20 Q. I want to start with the capacity discussion.

21 Looking at the second bullet underneath  
22 "Capacity," it says "Except for divestitures, no  
23 capacity reductions are assumed in the baseline  
24 schedule," correct?

25 A. Yes, that's correct.

1 Q. That means that the baseline schedule of the  
2 Combined Network Plan does not remove Spirit aircraft  
3 from their existing routes, except for the divestitures,  
4 correct?

5 A. Um, yes, that's correct.

6 Q. At the time that you made the decision to maintain  
7 those existing Spirit routes, you did not prepare any  
8 quantitative route-by-route analysis to show that that  
9 would be a profitable decision, correct?

10 A. There were two reasons why we didn't pursue that  
11 path. The first one was the -- at this point in time  
12 the data that we had, um, post-covid was -- was not  
13 clean, it was completely tainted by covid, so the only  
14 data we did have was 2019, which we didn't have much of  
15 Spirit's performance on any of the new routes that they  
16 launched.

17 The second, um, was in discussing this with my  
18 leadership, um, there was an assumption that we'd want  
19 to see how these routes, the frequency levels, would  
20 interplay with each other in this new combined network  
21 moving forward, and then from there we would of course  
22 optimize.

23 Q. Mr. Friedman, my question was that you did not  
24 perform any quantitative analysis showing it would be  
25 profitable to maintain these former Spirit routes,

1 correct?

2 A. No, we weren't able to do so with the data that we  
3 had and then we didn't feel it was the right thing to  
4 do.

5 Q. And to be clear, the 2019 data, the precovid data,  
6 you were comfortable using that data to support the  
7 revenue synergies modeling, right?

8 A. Um, we -- we had to use the 2019 data because all of  
9 the new data was also dirty covid-tainted data.

10 Q. So you used 2019 data for the revenue synergies  
11 modeling that was ultimately presented to your board in  
12 approving this transaction, correct?

13 A. Um, yes, we did.

14 Q. And even though your prior analyses, the deal  
15 modeling, had showed it would have been profitable for  
16 JetBlue to redeploy Spirit aircraft, you decided not to  
17 model redeployment in the Combined Network Plan, is that  
18 right?

19 A. As I mentioned earlier, there was kind of the first  
20 margin forecast in those files and there are other  
21 synergies that come on top, and I think not necessarily  
22 knowing how these routes would interplay in a full  
23 combined network, we wanted to see how that would occur  
24 before we make any decisions and continue to optimize  
25 from there.



1 Q. Okay, so we talked about capacity, I want to talk  
2 about revenues briefly, which is at the bottom half of  
3 this slide.

4 This section is showing how you calculated the  
5 revenues associated with the baseline schedules,  
6 correct?

7 A. Um, yes.

8 Q. And we won't talk about all of the steps, but I did  
9 want to pause on the second bullet underneath Spirit,  
10 that says "Increases TRASM further by 24 percent to  
11 account for revenue synergies." Do you see that?

12 A. Yes.

13 Q. That 24 percent revenue premium is the same revenue  
14 premium used in the deal modeling, correct?

15 A. Yes, we're bringing Spirit's product and upgrading  
16 it to JetBlue's product in this Combined Network Plan  
17 modeling.

18 Q. So it's the same numbers, correct?

19 A. Yes.

20 Q. You did not update the calculations for the 24  
21 percent revenue premium for purposes of the Combined  
22 Network Plan, correct?

23 A. We couldn't because the data was tainted by all of  
24 the covid madness.

25 Q. So this means that like the revenue synergies

1 modeling, the revenues that are projected in the  
2 baseline assume the 30 percent higher fares in Spirit's  
3 former markets, correct?

4 A. Um, no.

5 Q. How is that wrong?

6 A. Um, as we had discussed earlier, the modeling that  
7 we did for the 24 percent TRASM premium was solely to  
8 identify the product differentials between Spirit and  
9 JetBlue, it was not to forecast that market fares across  
10 the board would go up 30 percent. It wasn't a forecast  
11 of end-state demand levels or any of that. Ultimately  
12 to assume that a 24 percent TRASM increase was driven by  
13 a 30 percent increase in fare to me is just not -- it  
14 doesn't make sense, it would imply a lower load factor,  
15 and that's certainly not what we're modeling and this  
16 isn't the, um -- a 30 percent fare increase that we're  
17 assuming here.

18 Q. Mr. Friedman, to get to the 24 percent that appears  
19 both in the deal modeling and the Combined Network Plan,  
20 a necessary input is 30 percent higher fares in the  
21 former Spirit markets, correct?

22 A. It was an observation that we saw that led to the  
23 output of a model whose purpose was to quantify the  
24 product differential between Spirit and JetBlue. I  
25 would not characterize the output of that model and the

1       implication of that model as increasing fares by 30  
2       percent across the board.

3       Q. All right, let's go to the last slide, Exhibit 362,  
4       and I want to look at the second heading which says  
5       "Things not fully captured in the forecast." This is  
6       the very last page of the exhibit we've been looking at.

7       A. (Turns.)

8       Q. The first subbullet indicates that you have not yet  
9       calculated a relevance payload for the Combined Network  
10      Plan, correct?

11      A. That's correct.

12      Q. And when it says "relevant payload," that's  
13      referring to the increased pricing power we talked about  
14      earlier, right?

15      A. It's referring to our ability to gain incremental  
16      customers from incremental customer segments by becoming  
17      more relevant in our focus cities.

18      Q. It's the same thing that in 2020 you described as  
19      "increasing pricing power," correct?

20      A. In 2020, um, I think with Scott Lawrence, we used  
21      those words. With Dave Clark, the words have changed.  
22      But again it's incremental customer segments becoming  
23      more relevant to them and driving more customers onto  
24      the aircraft as a result.

25      Q. And according to this bullet, even though you didn't

1 model this particular revenue synergy, you still expect  
2 that JetBlue would gain this increased pricing power at  
3 airports where it has a higher share, right?

4 A. I believe as we continue to build out and become  
5 more relevant to more customer segments, more routes,  
6 more frequencies, more depth, that we'll absolutely be  
7 able to compete better with the Big 4 on the national  
8 basis and take more incremental customers that we've had  
9 trouble getting in the past.

10 Q. So is that a "yes" to my question, increased pricing  
11 power, that's still assumed in the network plan too?

12 A. Increased ability to capture new customer segments.

13 Q. Is that a "yes" or a "no" is my question?

14 A. Candidly I guess I just disagree with the  
15 characterization of the question. But it's more the  
16 ability to go after more customer segments and generate  
17 incremental customers, that's the relevance premium that  
18 we're discussing here.

19 Q. Okay, we can close that document.

20 I want to shift gears to one last topic,  
21 Mr. Friedman.

22 Earlier we talked about some of your job  
23 responsibilities and I think one of the things you  
24 mentioned is that you provide advice on the fleet that  
25 JetBlue needs in order to accomplish its network plans,

1 correct?

2 A. We put together proposals on fleet.

3 Q. I want to talk about some recent decisions JetBlue  
4 has made concerning its fleet.

5 Let's go to, in your binder, to the tab labeled  
6 363.

7 A. (Turns.)

8 MR. MOORE: Your Honor, I know we're coming up on  
9 the break, but I only have a couple more minutes in my  
10 exam.

11 THE COURT: Proceed.

12 Q. Mr. Friedman, the first page of Exhibit 363 is an  
13 e-mail from you to the Senior Leadership Team  
14 transmitting the Quarterly Network Review for April  
15 2023, correct?

16 A. Um, yes.

17 Q. And the Quarterly Network Review, that's a recurring  
18 update to JetBlue management about JetBlue's network,  
19 correct?

20 A. Um, yes, on a quarterly basis we discuss various  
21 network topics.

22 Q. Let's go to Slide 2 of the attachment, um, to  
23 Exhibit 363, it's going to be the page that has the  
24 Bates number ending 812.

25 A. I'm sorry, 812?

1 Q. 812.

2 A. (Turns.)

3 Q. The third heading on the slide says "HD/mint  
4 optimization plus 5 leased aircrafts." Do you see that?

5 A. Yes.

6 Q. And according to the slide, JetBlue was planning to  
7 forego five aircraft leases currently baked into a  
8 standalone network plan, correct?

9 A. These were five leased 321 NEOs baked into the  
10 budget but never actually signed for.

11 Q. So they were included in your plan, but this was a  
12 decision not to pursue those five leases, correct?

13 A. That's correct.

14 Q. Let's go to Slide 37 of this deck, which is Bates  
15 number ending 847.

16 A. (Turns.)

17 Q. So this slide is describing, um, certain financial  
18 metrics associated with these five leases that we were  
19 just talking about, correct?

20 A. Yes.

21 Q. And you helped to calculate these metrics, correct?

22 A. Um, my team did, yes.

23 Q. I want to look at the right-hand side of the slide  
24 at the, um, second bullet.

25 That bullet indicates that foregoing those five

1 leases would reduce JetBlue's system capacity by 2 to  
2 2.2 percentage points in 2025. Do you see that?

3 A. Yes.

4 Q. And then the fourth bullet says, "In a Spirit  
5 acquisition," um -- the third bullet in the zoom. "In a  
6 Spirit acquisition, they could have also been viewed as  
7 a low Cap X solution for funding retrofit lines."

8 Do you see that?

9 A. Yes.

10 Q. When it says "retrofit lines," that's referring to  
11 the process of removing the seats from the Spirit  
12 aircraft to match the JetBlue configuration, correct?

13 A. Yes, that's about upgrading the Spirit aircraft to  
14 the JetBlue product.

15 Q. And during this process these aircraft would be  
16 unavailable for flying, correct?

17 A. That's correct.

18 Q. This bullet is saying that while these Spirit planes  
19 were off the market, JetBlue could have replaced that  
20 capacity with these leases, correct?

21 A. It was an idea that the Network Planning Team wanted  
22 to put forward.

23 Q. But JetBlue ultimately did not do that, correct?

24 A. No, we did not.

25 Q. Then going above the --

1 THE COURT: Excuse me. What's the, um -- I guess  
2 I should know this. What's the abbreviation "HD" stand  
3 for?

4 THE WITNESS: Um, that stands for "High Density."  
5 So on the 321 aircraft we have two iterations. One is  
6 the mint-configured iteration, which has the 16 lie-flat  
7 business class seats and has a total of 160 seats. The  
8 high-density is all core or all coach and has 200 seats.

9 THE COURT: All right. Thank you.

10 Q. So, Mr. Friedman, going up to the bullet above the  
11 one we were just looking at, which starts "In an organic  
12 world." Do you see that?

13 A. Um, yes.

14 Q. It says "In an organic world these aircrafts could  
15 have contributed to cash-positive growth in a  
16 delivery-delay-prone world." Do you see that?

17 A. Yes.

18 Q. "Organic world" is referring to a situation in which  
19 Spirit does not acquire Spirit, correct?

20 A. In which JetBlue does not acquire Spirit, correct.

21 Q. Thank you for that correction.

22 And "delivery-day-prone world" is referring to the  
23 current delays with Airbus deliveries, correct?

24 A. Yeah, I would characterize it as an overarching  
25 comment about the delivery delays and the engine issues



1     that we've been seeing.

2     Q.   So you and your team were advising that pursuing  
3     these leases would have helped JetBlue generate revenues  
4     while it was dealing with these aircraft delays,  
5     correct?

6     A.   Again I don't know if I'd characterize it as  
7     "advising," but we were certainly putting out the idea  
8     that these could help in that context.

9     Q.   But JetBlue again decided not to pursue that idea,  
10    correct?

11    A.   Um, correct, we did not pursue these aircraft.

12    Q.   So earlier this year JetBlue declined an opportunity  
13    to acquire aircraft that would have enabled it to grow  
14    on a standalone basis, correct?

15           MR. MITCHELL:  Objection, your Honor.  I think  
16    he's asked that question --

17           THE COURT:  Would you ask it again?  I'm sorry.

18    Q.   Earlier this year JetBlue declined an opportunity to  
19    acquire aircraft that would have enabled it to grow on a  
20    standalone basis?

21           THE COURT:  You object to that?

22           MR. MITCHELL:  I think he's asked that question  
23    three times now, your Honor.

24           THE COURT:  Well I'll let him ask it.  If it is  
25    again, it's in my discretion.

1           You may answer.

2           A.   It's all in the eyes of the beholder.   I think from  
3           a route-planning perspective we thought that this was an  
4           opportunity.   From other decision-makers and more senior  
5           leaders in the company than me, they didn't see it as an  
6           opportunity.   But to characterize it as JetBlue having  
7           forgone an opportunity, that's not my decision.   We  
8           wanted to raise this for discussion.

9           Q.   So senior leaders in the company made the decision  
10          not to pursue these aircraft?

11          A.   Um, yes.

12               (Pause.)

13          MR. MOORE:   I think, your Honor, I have no further  
14          questions at this time.

15          THE COURT:   All right, we'll take the recess.

16               I'm at sea in a minor way.   You've been so good at  
17          providing me with the names of the witnesses and who's  
18          going to examine them, and unless I've overlooked it in  
19          the sea of paper here, I don't have that for this  
20          witness.   So if I could, um -- well here's the Clerk  
21          giving it to me, I think.

22               (Hands to judge.)

23               Oh, here's -- all right, thank you very much.   You  
24          see how dependent I am on the Clerk.

25               All right, we'll stand in recess until 10 minutes

1       after 11:00. We'll recess.

2               THE CLERK: All rise.

3               (Recess, 10:40 a.m.)

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C E R T I F I C A T E

I, RICHARD H. ROMANOW, OFFICIAL COURT REPORTER,  
do hereby certify that the foregoing record is a true  
and accurate transcription of my stenographic notes  
before Judge William G. Young, on Thursday, November 9,  
2023, to the best of my skill and ability.

/s/ Richard H. Romanow 11-09-23  
\_\_\_\_\_  
RICHARD H. ROMANOW      Date